



COMMITTEE of the WHOLE

CITY COUNCIL

MINUTES
September 7, 2011
6:30 P.M.

COUNCIL MEMBERS PRESENT:

V. Spencer, D. Reed, S. Marmarou, M. Goodman-Hinnershitz, D. Sterner

OTHERS PRESENT:

L. Kelleher, D. Cituk, C. Younger, C. Geffken, C. Zale, J. Nagel,

Ms. Kelleher distributed copies of the draft external audit, and two reports showing projected revenue budgeted for 2011, year-to-date collections, and 2012 projections.

Mr. Nagel explained that the two (2) reports contain the same information shown in two (2) different models; the first showing the revenues by line item and the second showing the revenues in descending values. He suggests reviewing the report shown in descending values.

Mr. Nagel and Mr. Geffken highlighted the report as follows:

- Property tax revenue is set at the 2011 level as no increase in the property tax rate is expected
- EIT revenue projection has been reduced by approximately \$450K due to the reduction of the EIT rate required by the Act 47 Recovery Plan. The rate will be reduced to .1% for commuters and 1.9% for residents.
- RAWA revenue is projected to increase due to the negotiation with RAWA and the planned rate increase
- Employee contribution to healthcare revenue is increased by \$300K due to the inclusion of FOP and ASCFME personnel contributions
- User fee revenue is increased modestly
- State Pension contribution is expected to be reduced or set at a flat rate

- Real Estate Transfer tax revenue is projected to decrease based on the down housing market
- Police reimbursement by the Reading School District is decreased to project cost actually billed to the District
- PILOT revenue is expected to increase by \$50K.

Mr. Nagel stated that the overall revenue projections show an approximate \$3M reduction

Mr. Sterner inquired about the impact assessment appeals has had on property tax revenue. Mr. Geffken stated that after his review of the latest assessment notices, he realizes the need to reassess the City's position. He stated that currently the City only objects to property assessment appeals valued at \$ 150K or greater. He noted the need to set this rate at a more realistic amount. He announced his intent to schedule a meeting with the City Solicitor and Ms. Kelleher to further discuss this issue.

Ms. Kelleher noted the dramatic increase in the number of properties transferring at a greatly reduced price or without consideration. She noted the impact that this has had on the transfer tax revenue.

Mr. Spatz inquired about the projected budget gap. Mr. Geffken stated that the City is projecting a \$5M budget gap.

The Committee of the Whole meeting adjourned at approximately 8pm.

Respectfully Submitted

Linda A. Kelleher CMC, City Clerk